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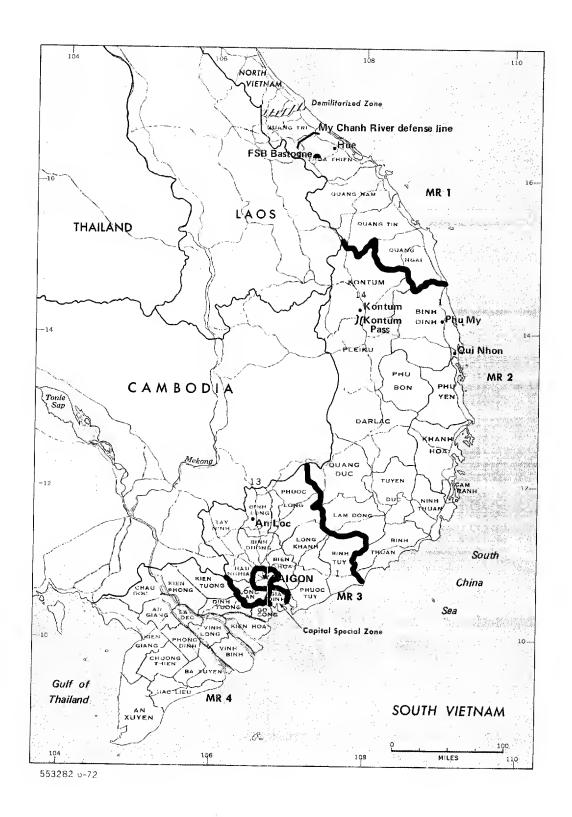
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VIETNAM: Communist forces continued their attacks against government positions in the northern part of Military Region (MR) l over the weekend; elsewhere, action was light.

In the Hue area, North Vietnamese infantry units supported by tanks and artillery attacked government positions along the My Chanh defense line to the north of the city and in the vicinity of Fire Support Base Bastogne to the east.

In the western highlands, Kontum City was quiet. Farther south in the Kontum Pass on Route 14, well-entrenched Communist forces continued to prevent government reinforcements from moving up the highway.

On the coast in Binh Dinh Province, both sides continued to skirmish in Phu My District, but this produced little change in the situation. elements of the Communists 3rd Division are planning to shift operations farther south into An Nhon and Phu Cat districts in late July. In addition, other elements from the 3rd are scheduled to move south from Phu My to Tuy Phuoc District soon to begin attacks near the province capital of Qui Nhon.

Artillery attacks against An Loc picked up over the weekend, but caused only light casualties to government defenders. South Vietnamese units patrolling the town's perimeter engaged the enemy in a number of brief skirmishes. Two ralliers claim that Communist units are so well dug-in along Route 13 south of the town that only direct hits

from B-52 strikes could dislodge them.

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ITALY: Premier-designate Giulio Andreotti has settled on a three-party center government, despite its shaky foundation.

Andreotti is expected to ask parliament on 3 July for a vote of confidence; his new government includes the Christian Democrats, Social Democrats, and Liberals, with parliamentary support from the Republican Party and a small German language group. Andreotti's earlier effort to form a five-party coalition, including the Socialists, collapsed because of that party's aversion to the conservative policies of the Liberal Party.

The parliamentary majority of the coalition in the Chamber of Deputies is extremely slender—two votes. In the Senate, the coalition is in the minor—ity. The chamber majority is even more fragile than it appears, moreover, because left—wing elements among the Christian Democrats—whose leadership approved the center formula by only a narrow margin—and among the Republicans have formally stated their opposition to a grouping that excludes the Social—ists.

The center formula may in part be an attempt by the Christian Democrats to punish the Socialists for refusing to abandon their campaign pledge to allow the Communist Party a bigger role in parliament. If so, the maneuver may backfire. The Socialists, forced into opposition, may be driven even closer to the Communists, and left wingers in the party may gain in strength. If the government later collapses and Italy moves back toward the center-left as the only viable alternative, the Socialists will be in a much stronger position to push their demands.

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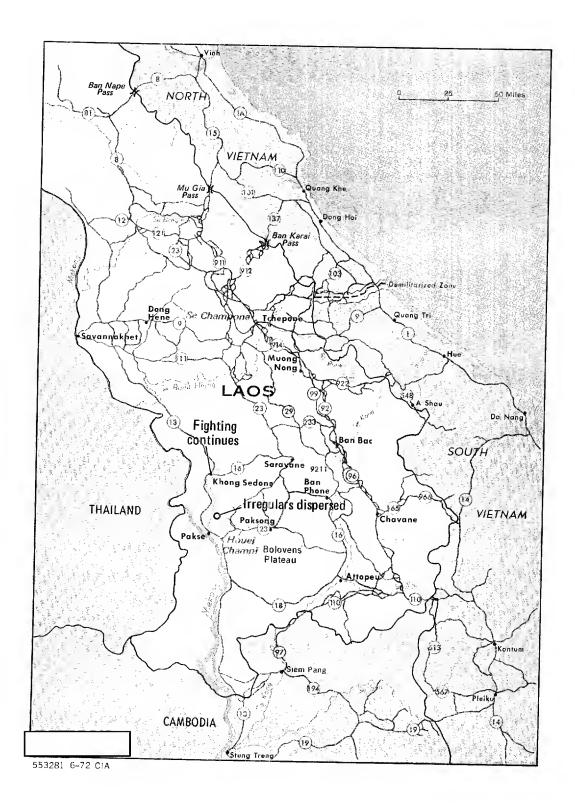
Although none of the coalition partners openly admits the possibility, some privately may regard the coalition a caretaker government that will rule only until the fall national congresses of the Christian Democrats and Socialists. At that time, some compromise might be reached that would permit a return to the center-left.

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NOTES

YUGOSLAVIA-POLAND: Tito probably believes his successful visit to Poland from 19 to 23 June is an indication that Moscow is encouraging its allies to second Brezhnev's conciliatory line toward Yugoslavia. In his departure speech on Friday, Tito said he was very pleased with the visit in general, and particularly with the signing of the supplementary trade agreement that is intended to raise bilateral trade by 25 percent—to over \$1 billion—during the 1971—1975 five—year plan. Following the pattern of Tito's visit to Moscow in early June, the Poles and Yugo—slavs took pains to avoid contentious issues and promised to improve bilateral contacts.

LAOS: Government forces attempting to clear the area northeast of Pakse have suffered a setback. Three of the four irregular battalions moving north along Route 231 from the Houei Champi Stream dispersed following clashes with elements of the 9th North Vietnamese Regiment. These battalions appear to have suffered only minor casualties, but the attacks have further impaired morale. The irregulars have been in the field for nearly two months, and many are suffering from malaria and other diseases. In the Khong Sedone area Communist troops are still holding some positions west of the town, despite repeated assaults by irregular units supported by air strikes.

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